



ASSOCIATION OF MUTUAL FUNDS IN INDIA

135/BP/56/2015-16

Date: April 20, 2015

AMFI Best Practices Guidelines Circular No. 56 / 2015-16

Accounting of 2bps on Daily Net Assets Set Aside for Investor Awareness

Please refer to SEBI circular dated September 13, 2012 which prescribes that AMCs shall annually set apart at least 2 bps on daily net assets within the maximum limit of TER as per regulation 52 of the SEBI MF Regulations for investor education and awareness initiatives.

In order to have uniformity in the accounting practice followed by different AMCs in respect of accounting of 2bps set aside for investor awareness initiatives, AMFI's Committee on Operations and Compliance has recommended the following process to be adopted by all AMCs uniformly:

- a. AMCs shall accrue for the above expense in their daily NAV computation and set aside the funds in a separate bank account at the end of the every month.
- b. The unspent funds could be deployed in money market securities, bank fixed deposits or liquid schemes.
- c. Income accrued thereon shall also be set aside in the manner stated in clause (a) above and not credited back to the scheme or the Profit & Loss of the Asset Management Company or the Trustee Company.
- d. The funds set aside as above shall be used only for meeting expenses for Investor Education and Awareness initiatives.
- e. AMCs shall make a disclosure of the outstanding balance in the above account in the financial statements of the scheme.

Members are requested to adopt the above methodology with effect from April 1, 2015.

Members are also requested to confirm having noted the contents of this circular for due compliance and also to place this circular before their Trustees for information at the next meeting of the Trustees.

With regards,


H. N. Sinor

Chief Executive